

**ECONOMIC DEVELOPMENT COMMISSION  
MEETING SUMMARY**

July 19, 2017  
9:30 a.m. – 12:25 p.m.

**MEETING DATE**

July 19, 2017  
2001 Blake Street  
Denver, CO 80202

**MEETING PARTICIPANTS**

**A. Commission Members**

Carrie Schiff, Tom Clark, Tara Marshall, Chris Franz, Rob Brown, Denise Brown, Jay Seaton and Benita Duran.

**B. Guests**

Laura Brandt, DeAnne McAnn, Walt Boulden., Michellen HaynesLaura Jackson, Richard Scharf, Joanne Greek, Allie Michaelson, Brian Watson, Tiffany Pehl, Bonnie Petersen, Ed Sealover, Brad Feld, Phil Weiser, Stefanie Winezler, Kate Sabott, Gretchen Hollrah, Tracy Huggins, Ryan and Josh from 5676 and J. J. Ament.

**C. Staff**

Stephanie Copeland, Jeff Kraft, Ken Jensen, Michelle Hadwiger, Dan Lane, Rebecca Gillis, Jenifer Doane, Wael Khalifa, Liz Cahill, Luis Benitez, LeeAnn Morrill, Margaret Hunt, Katie Woslager and Virginia Davis.

**DECISION/ACTION ITEMS**

1. The Economic Development Commission approved the EDC Meeting Summary from the June 15, 2017 meeting.
2. The Economic Development Commission approved the following items: **EZ**-Contribution Projects, New Dance Theatre d.b.a Cleo Parker Robinson Dance; Olympic City USA Operations; Central City Opera Operations; Corazon de Trinidad Creative District; Economic Development and Job Enhancement Project; Delta County Memorial Hospital and Clinics System; **SF**-EDC Operational and Program Administration; European Expansion Flight; ORec Outdoor Retailer Shows; CEO Connect Extension; Rural Entrepreneur Network; **JGITC**-Project 5676; Project Magellan; and **RTA**-Denver/NWC Amended Resolution #5.

**A. Meeting Called to Order**

Schiff called the meeting to order.

**New Member Introduction**

Kraft introduced R. Brown, a new Commissioner.

**Meeting Summary**

Duran moved approval of the meeting summary from June 15, 2017. D. Brown seconded the motion. Motion passed unanimously.

M/S/P – Duran, D. Brown – Meeting Summary approved as presented by staff.

**B. Enterprise Zone (EZ): Jeff Kraft**

Kraft presented the following Contribution Projects for approval:

EZ – Project Name	Project Type	Completion Date	1 yr. Projected Credits
Denver - New Dance Theatre d.b.a Cleo Parker Robinson Dance	Capital - Community Facility	2022	\$75,000
Pikes Peak - Olympic City USA	Operations - Visitor Event/Attraction	2022	\$26,250
Northwest - Central City Opera	Operations - Visitor Event/Attraction	2022	\$750,000
South Central - Corazon de Trinidad Creative District	Operations: Economic Development Organization	2022	\$5,625
South Central - ED and Job Enhancement Project	Operations: Economic Development Organization	2022	\$2,625
Region 10 - Delta County Memorial Hospital and Clinics System	Operations: Healthcare	2022	\$3,125

M/S/P – Duran, Clark – Projects approved as presented and recommended by staff. Marshall recused herself from the vote due to her connection with the Corazon Creative District.

**C. Strategic Fund Initiative (SFI): Stephanie Copeland, Jeff Kraft  
Strategic Fund Balance Forecast**

Kraft presented the Strategic Fund Balance Forecast which shows a current projected balance of \$474,117.

**EDC Operational and Program Administration**

Kraft presented the EDC Operational and Program Administration request.

Staff is requesting \$450,000 in administrative funds to administer EDC programs.

D. Brown moved approval of the \$450,000 being allocated for Administrative costs and made the observation that it is less than ten percent the legislative authorized \$5M which by any metric you want to use is a really good deal.

M/S/P – D. Brown, Duran – request approved as presented by staff.

**European Expansion Flight**

Hadwiger presented the Project European Expansion. Project European Expansion is proposing to offer nonstop flights between Denver International Airport (DEN) and a major European City beginning in March 2018. The flights will be operated by a Boeing 787-9 aircraft two days per week year-round. The aircraft, which has a capacity of 344 seats, will include 35 seats in a premium cabin and 309 seats in the economy cabin. EDC funds will be used for print, online, radio and outdoor media campaigns in Colorado and/or Europe to market the airline and its new route. If approved, year 1 of the grant will begin when the EDC contract is signed. Any funds that are not used will be forfeited at the end of each year (no rollover of funds year-to-year).

Staff is requesting approval of a 2-year \$500,000 EDC marketing/performance cash grant (\$200,000 per year, with an additional \$100,000 available if the Project increases the flight frequency to more than two days per week) with a more than \$1:\$1 match by DEN.

Duran moved approval of the project as presented.

D. Brown amended the motion and moved approval of the project with a request that the funds for this project come from the current \$10M Strategic Fund reserve. Marshall seconded the motion. Motion passed unanimously.

M/S/P – D. Brown, Marshall – Project approved as moved and recommended by staff.

### **OREC Outdoor Retailer Shows**

Benitez presented the OREC project request. The Outdoor Retailer shows are leaving Utah due to their stance on Public Lands. These gatherings represent the gravitational center of the outdoor industry's culture and community. Defining decisions are made at these shows every year outlining our economy, and our political voice for the nation. Colorado has won the bid for these shows for relocation to Denver starting in January 2018. Staff is requesting that the EDC provide final approval for the use of \$1,700,000 from the Strategic Fund monies in support of this project.

M/S/P – Marshall, Franz – Outdoor Retailer Shows approved as presented and recommended by staff.

### **CEO Connect**

In December of 2016 the EDC approved the CEO Connect Project. A selected vendor will develop a unique experience for top tier leadership from targeted companies that are potential key employers looking to relocate their companies to Colorado or expand their offices currently located in-state.

In conjunction with a world-class 4-day professional cycling race in Colorado slated for August 2017, The CEO Connect will allow guests to experience Denver in a memorable way at the helm of a retired top international pro cyclist host.

The original approval was for expenditure of the funds before the end of the 16/17 fiscal year. Since the event will take place in August of 2017, staff is requesting an extension to expend the \$80,000 before the end of the current fiscal year on June 30, 2018.

M/S/P – Duran, Clark – The Extension to expend the funds was approved as presented and recommended by staff.

### **Rural Entrepreneur Network**

Copeland presented the Rural Entrepreneur Network program request. The Rural Entrepreneur Network will support rural entrepreneurs with startup businesses by holding events, activities, mentoring, educational sessions, and access to capital assistance to help them scale their businesses. This network will also provide a pipeline of potential investments for the rural venture fund to be created by the State's Venture Capital Authority (VCA).

The program will be administered by StartUp Colorado, an initiative of Silicon Flatirons, which is part of the University of Colorado at Boulder Law School.

The state funds will be matched by at least \$500,000 in private funds. \$200,000 has been firmly committed and at least three additional philanthropic funders are targeted for additional grants. The intent is to advance EDC funds to the program administrator as the private matching funds are contributed.

Staff is requesting that the EDC approve \$500,000 from the Strategic Fund to be combined with matching philanthropic funds of at least \$500,000 in support of this project.

D. Brown said the three-year mentality we are using for programs like this does not seem to work and suggests we put more money into this project in order to get beyond this three-year concept.

Copeland said that we are talking to some other foundations that could also supplement this project. Staff would like a funding increase with the contingency of milestone approvals.

Schiff asked what success means. At what point and how are you generating revenue to make this self-sustainable. Or is this just a catalyst to get this eco system going and there is no intention to make this self-sustaining.

Feld said that this is more about being a catalyst. This type of project is about getting wiring in place that then has its own momentum and much of that wiring has a very strong private sector motivation because of the dynamics of how that works. You're essentially making a Seed investment in trying to get this going. If it's valuable to the network members, the network members are going to be the ones that fund it long term. If it's not valuable, it will have served a purpose to catalyzing the network engagement between people.

Weiser said the goal is to build critical relationships across the state.

Copeland thanked the Commission for the discussion and Brad and Phil for their passion around this project.

Schiff asked if staff if they are asking for resolution today.

Copeland said yes. Although after the discussions around the three-year and five-year concepts she would like to alter the staff request for up to \$700,000 maximum, depending on the returns were seeing, with milestone approvals for deployment through steering committee proposals every ninety days.

D. Brown moved two ceilings, \$700,000 in five years with milestone reporting every ninety days during the first two years from the director and the commission member represented on the steering committee.

M/S/P – D. Brown, Duran – Rural Entrepreneur Network Program approved as moved. Franz recused himself from the vote.

#### **D. Job Growth Incentive Tax Credit: Michelle Hadwiger**

##### **Project 5676**

Hadwiger presented Project 5676. Project 5676 is a financial services firm headquartered in San Francisco. The company offers unsecured personal loans, student loan refinancing, and home lending at low annual percentage rates. The company uses a data-driven strategy to loan to financially responsible borrowers. Some determinants used to formulate loan terms include metrics on credit usage and education level alongside more traditional tools like credit scores. The company makes more informed underwriting decisions without a physical infrastructure, which reduces costs to clients. Project 5676 consists of an expansion into a new market outside of California. According to the company, this expansion is a key component of a growth and business continuity strategic plan.

Staff is requesting a performance-based JGITC in the amount of \$13,480,971 for the creation of up to 1,027 net new full-time jobs at a minimum wage of \$64,597, 100% of Denver County's annual average wage, in support of this project.

M/S/P – Clark, Duran – Project 5676 was approved as presented and recommended by staff.

##### **Project Magellan**

Hadwiger presented Project Magellan. Project Magellan is a Bay Area-based tech company that provides solutions to a broad range of companies within the travel industry including airlines, credit cards, hotels, etc. The company is experiencing rapid growth and is looking for a lower cost market to which they can move a large portion of their operations. The company is looking to consolidate its operations in the Bay Area and Mexico into one cost-effective location in the US. The company's headquarters will remain in the

Bay Area, but the bulk of the company's operations would be in the new location. If they choose Colorado, they would like to locate in downtown Denver.

Staff is requesting a performance-based JGITC in the amount of \$9,183,825 for the creation of up to 390 net new full-time jobs at a minimum wage of \$64,597, 100% of Denver County's annual average wage, in support of this project.

M/S/P – Clark, Duran – Project 5676 was approved as presented and recommended by staff.

### **Update of EDC Approved Projects**

Hadwiger did not have any updates for the Commission.

### **E. Regional Tourism Act (RTA): Jeff Kraft**

#### **Denver**

Kraft presented the draft amended Denver/NWC Resolution for review saying that this is the same resolution reviewed at the last meeting with the suggested commission changes to section Subsection 5(A) of the resolution which says the commission has the right to determine if substantial work has happened. We would assess that the commission always had that right but in this resolution we are expressly reserving that right as requested by the commission.

Moving on to section Subsection 5(H) which is a key criteria that lists the things that have to happen before Denver can start using the money to pay for construction related expenses. Throughout Subsection 5(H), the Applicant is required to enter into binding agreements with third-parties that are not subject to the Commission's control. The language here currently requires each of these third-party agreements to be submitted to you for review and approval only after they've been signed, which means that if you do not approve an agreement and the third-parties are unwilling to renegotiate it to the extent required to obtain your approval, then your recourse is to modify your approval of the Project. We've changed this to say that the Commission needs to confirm that the agreements that Denver negotiated satisfy the criteria.

Hollrah said the agreements that will satisfy these requirements contain many provisions our partners have asked us to bundle under a general framework agreement. These documents will all go through a public process with our city council and once they're filed they become public documents. We have a series of things we anticipate doing this fall and would like the opportunity to come and brief the Commission ahead of the signature process on what the documents look like so you can see the construct of the program and how the Governments and the capital build portions tie together. Although the documents would be signed, if the Commission felt there should be some amendments or additional actions that the parties needed to take, we anticipate there will be time to remedy that because the RTA dollars will be most efficient if we deploy them at the end.

Schiff asked if the contracting parties are made aware that the agreements might be subject to review and modification if we concerns.

Hollrah said we have been in touch with our partners and have briefed them on the amendments to these documents and there is a full awareness.

Kraft said Denver has been very transparent and collaborative with this process and staff is comfortable with this whole process.

Kraft moved on the section 8(D). We added back and clarified that there will be an independent CPA doing the certifications for this project.

Schiff asked, because we have some fairly new Commissioner's, could staff comment on why these Resolutions are important and what they mean in terms of the RTA program and what they replace.

Kraft said these Resolutions document all of the conditions and requirements that the EDC has put forward in approving these projects. One thing we've learned over time is that it's important that everyone is on the same page about what has to be built and what makes the projects unique and extraordinary and what will drive the economic benefits associated with the project. We have worked collaboratively with the applicants to document in detail, all the important things that drive the benefits of the project. The Resolution is the core structure based on what the statute requires and the advice of the AGs office it is a unilateral one-way document that the Commission is issuing exercising the statutory authority.

M/S/P – Marshall, Franz – Resolution approved as presented and recommended by staff.

Kraft reminded the Commission that the RTA program is currently undergoing an audit and it is important not to get into specifics of the audit of possible findings before they become public. To the extent that you know about those we want to remember it is confidential until such time it becomes a public document. We will keep you informed as the audit unfolds.

### **Pueblo**

Kraft provided an update of the Pueblo project saying they decided not to pursue and actual rating but they did publicly sell the bonds. This is the first time the RTA revenue streams have been bonded and sold publicly, 30-year bonds with a par amount of \$17M and an average coupon of 4.50% and a true interest cost of just 4.63%.

### **F. Budget: Jeff Kraft**

Kraft provided the budget which currently shows a sub-balance of \$9,268,562.

D. Brown wants a regular AI budget update even if there is no change.

Staff will provide this moving forward.

### **G. Board Member Recognition**

Kraft said that we have recognition plaques for Chuck Murphy and Noel Ginsburg.

Copeland said both Noel and Chuck served on the Commission for a number of years and did amazing work and is publicly recognizing their service.

### **H. Next Meeting**

Schiff said the next EDC meeting will be Thursday, August 17, 2017.

**With all items discussed, the meeting was adjourned.**